



"eCommunication tools for global business"

visit our website at [www.cliotoools.com](http://www.cliotools.com)

2000 Annual Report

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Message to Shareholders

Fiscal 2000 was a watershed year for Cliotools.com. So much has changed that the company is unrecognizable from its early years as a one-man consulting firm.

In 1996-1997, when the company made its first foray into video production, our corporate clients expressed concern regarding the new multimedia technology: PowerPoint presentations, laptop computers and LCD projectors, digital video and the Internet. In those early days of the Communications industry the technology was in its early stages, expensive and not very easy to use.

However, even then one could look into the not too distant future and see that eCommunications technology was going to transform the way business communicates. In only half a decade, that technology has become robust, reliable and cost-effective. It is finally ready to deliver on the promise that was only hinted at when Clio made its first foray into multimedia.

When Clio made the decision to expand and pursue eCommunications, the decision was also made to build an international company. That meant creating a virtual business. There are numerous models for virtual businesses in the dotcom world, but all of them are geared to automating the sales process or supply chain management or in some other way lowering the amount of contact with customers.

Clio's business model is unique. Our vision for the company is to bring all the sophistication of the latest technology to bear on our clients' communications problems. This requires "high touch": lots of personal contact with clients to consult on strategy and then create the custom multimedia content embodied in Cliotools. As such a new business model was required.

That new business model did not emerge fully formed. Instead, it has evolved over the past few years as Clio's management has grappled with the possibilities created by the plethora of new Internet technologies.

The next challenge, which will be a priority for management in 2001, will be creating the strategic plan for the next phase of Clio's growth. eCommunications offers tremendous opportunity, but management must carefully chart the company's expansion over the next few years to ensure that it achieves profitability and an acceptable return to investors.

We would like to thank all Clio's investors for their confidence and patience as the board of directors, management and staff continue to build a dynamic, profitable company.



Markham Hislop
Chairman

Operations Highlights in 2000

The Corporation had two principal Objectives for 2000:

1. Development of eCommunications products and services:

An important objective of the Corporation is to continually develop new eCommunications products and services based upon its core multimedia technologies. During 2000, the Corporation introduced a number of new Cliotools, including InstantService (the ability to click an icon on Clio's web site and immediately be connected to a sales representative), Orchestra (web-based project collaboration) and Fusion X video.

2. Development of a virtual environment for sales and marketing, and client services:

The Corporation developed a virtual business model that enables the majority of its business to be conducted over the Internet.

During the fiscal year ended December 31st 2000 the Corporation completed a number of initiatives towards achieving its stated objectives, including:

1. Completed a virtual sales pilot project in the Spring of 2000. The pilot project demonstrated that eCommunications products and services could be marketed in a virtual environment.
2. Changing the Corporation's name from Clio Communications Ltd. to Cliotools.com Ltd.
3. Began providing virtual service to clients outside the Corporation's primary markets in Saskatchewan. Incorporated Orchestra project collaboration software into the virtual service model.
4. Entered into a two year licencing agreement with Digital Accelerator Corporation of Vancouver, BC for the Fusion X video encoder, making Cliotools.com the only licensee of the new video format at the time.
5. Entered into a development agreement with Digital Accelerator Corporation for the creation of a software plug in that enables Fusion X video clips to be played in PowerPoint presentations.
6. Initiated and developed a Strategic Partnership Program.



Management's Discussion & Analysis

This discussion and analysis should be read in conjunction with the Financial Statements and accompanying notes contained in the Annual Report.

General

During the year ended December 31, 2000, Cliotools.com Ltd. became a publicly traded company, listed on the Canadian Venture Exchange under the symbol CIO.A.

Results of Operations

For the fiscal year ending December 31, 2000 the Corporation reported a net loss of \$36,695 as compared to a net income of \$9,242 for the same period the previous year. The net loss for fiscal 2000 was not unexpected and is consistent with the Corporation's business plan and is representative of early stage high technology companies.

Successful execution of the Corporation's business plan requires that substantial financial resources be allocated to certain key elements of the business of the Corporation: to research and develop new eCommunications products and services; to continue the development of the virtual business model; to expand the virtual sales team and to expand the Strategic Partnership Program. Such tactical expenditures necessarily precede the sales revenue increase that is expected to follow.

Revenue

For fiscal 2000, revenues increased modestly to \$330,151 from \$328,899 in fiscal 1999. Lower than expected sales in 2000 were primarily caused by lower fourth quarter sales as management implemented the virtual sales team. Historically, the sales cycle for the Corporation's products and services has been three to six months. Consistent with the business plan, the sales team was not expected to generate sales and revenue until the first quarter of 2001. The slowdown in the United States economy also had an impact on sales, as clients deferred purchases.



Management's Discussion & Analysis

Expenses

During fiscal 2000, operating expenses totaled \$395,373 representing an increase of 21% over operating expenses of \$326,310 during the same period the previous year.

The reported increase in expenses primarily relates to increased payroll, occupancy and office costs and is essential to the successful execution of the Corporation's business plan and reflects the ongoing maturation of the Corporation's eCommunications products and services, and the growing expansion and penetration of its markets, particularly in the United States.

R&D costs are an integral part of the Corporation's business and are expected to be in the future. These costs are expensed as incurred except if development costs are recoverable and directly related to the development of new products and services. Only then, following a strict interpretation of the assessment, are R&D costs capitalized. In fiscal 2000 \$183,862 of R&D costs were capitalized, compared to \$72,463 for fiscal 1999.

Financial Condition and Liquidity

Financing activities during the year netted the Corporation \$789,905. The proceeds of these financing activities were directed to marketing and sales programs, product research and development, and the working capital needs of the Corporation. Current assets, consisting of cash and short-term deposits, accounts receivable, tax credits and prepaids totalled \$485,962 as of December 31, 2000. This amount is sufficient to discharge the Corporation's current liabilities, which totalled \$80,860 as of December 31, 2000 and consisted of accounts payable and accruals, and the current portion of capital leases.



Management's Discussion & Analysis

Potential Risks and Uncertainties

The common shares of the corporation have experienced, and may continue to experience, substantial price volatility due to fluctuating economic and market conditions and variations in actual and anticipated financial results. These and other factors may materially affect the price of the Corporation's shares in the future. The eCommunications industry is new, but rapidly emerging and appears to represent a significant business opportunity. The ultimate direction in which the industry will evolve, however, is by no means certain. As a result, the Corporation cannot be certain of how its role and competitive position within the industry will unfold in the future.

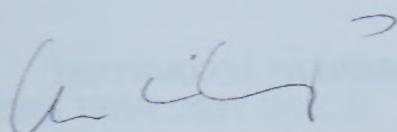
Management's Report

Management's Responsibility for Financial Statements

The accompanying Financial Statements of Cliotools.com Ltd. are the responsibility of management and have been prepared by management in accordance with Canadian generally accepted accounting principles.

The Corporation's accounting procedures and related systems of internal control are designed to provide reasonable assurance that its assets are safeguarded and its financial records are reliable. Management is satisfied that these financial statements have been prepared accordingly and within reasonable limits of materiality. Further, management is satisfied that the financial information throughout the balance of the Annual Report is consistent with the information presented in the financial statements.

The Audit Committee of the Corporation, consisting of two non-management directors and one managing director, has reviewed the Financial Statements with management and the independent auditors, McKenzie & Co., and has reported the results to the Board of Directors. The Board of Directors has approved the Financial Statements.



Markham Hislop
Chief Executive Officer, President



Harvey Bay
Chief Financial Officer



Auditor's Report

Auditor's report to shareholders.

I have audited the balance sheets of Cliotools.com Ltd. (formerly Clio Communications Limited) as at December 31, 2000 and 1999 and the statements of income, deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

SASKATOON, CANADA
MAY 10, 2001

McKenzie & Co.
CERTIFIED MANAGEMENT ACCOUNTANT

Balance Sheets - as at December 31

	<u>ASSETS</u>	<u>2000</u>	<u>1999</u>
CURRENT ASSETS			
Bank	\$ 13,483	\$ -	
Investments	400,000	-	
Accounts Receivable (Note 3)	34,156	49,161	
Prepaid Expenses	<u>38,323</u>	<u>625</u>	
	<u>485,962</u>	<u>49,786</u>	
CAPITAL ASSETS (Note 4)	<u>73,234</u>	<u>68,638</u>	
DEFERRED COSTS (Note 5)	<u>256,325</u>	<u>72,463</u>	
FUTURE INCOME TAXES (Note 6)	<u>28,527</u>	<u>-</u>	
	<u>\$ 844,048</u>	<u>\$ 190,887</u>	

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES			
Line of Credit (Note 7)	\$ 18,040	\$ 11,785	
Accounts Payable and Accrued Charges	55,582	109,622	
Current Portion of Long Term Debt	<u>7,238</u>	<u>61,390</u>	
	<u>80,860</u>	<u>182,797</u>	
LONG TERM DEBT (Note 8)	<u>30,000</u>	<u>34,036</u>	
SHAREHOLDER ADVANCES (Note 9)	<u>5,924</u>	<u>-</u>	
SHAREHOLDERS' EQUITY			
Share Capital			
Authorized (Note 10)			
Issued (Note 11)	790,005	100	
Deficit	<u>(62,741)</u>	<u>(26,046)</u>	
The accompanying notes are an integral part of these financial statements.	<u>727,264</u>	<u>(25,946)</u>	
Approved By:	<u>M. Hislop</u>	<u>\$ 844,048</u>	<u>\$ 190,887</u>
	Markham Hislop Director	Harvey Bay Director	

Statements of Income (Loss)

FOR THE YEARS ENDED DECEMBER 31

	<u>2000</u>	<u>1999</u>
INCOME		
Gross Revenue	\$ 327,310	\$ 301,730
Other Income	<u>2,841</u>	<u>27,169</u>
	<u>330,151</u>	<u>328,899</u>
OPERATING EXPENSES		
Advertising	3,172	3,025
Bad Debts	36,108	11,337
Bank Charges	5,890	1,549
Depreciation / Amortization (Note 4)	20,949	18,864
Freight and delivery	3,397	1,706
Insurance	2,277	2,252
Interest on Long Term Debt	3,291	7,245
Leasing/Repair Equipment	23,088	21,749
Legal and Accounting	8,121	7,300
Memberships	-	1,694
Office Supplies	16,924	5,282
Office Rent	8,511	5,765
Office Repairs	697	970
Office Utilities	1,545	1,503
Salaries and Benefits	190,231	163,609
Subcontracts and Services	24,602	32,554
Supplies and Materials	3,655	4,963
Telephone	26,568	14,769
Travel and Meals	<u>16,347</u>	<u>20,174</u>
	<u>395,373</u>	<u>326,310</u>
NET INCOME (LOSS), Before Income Tax	(65,222)	2,589
Income Tax (Recoverable) : Current	-	(6,653)
: Deferred (Note 6)	<u>(28,527)</u>	<u>-</u>
NET INCOME (LOSS)	<u>\$ (36,695)</u>	<u>\$ 9,242</u>

The accompanying notes are an integral part of these financial statements.

Statements of Deficit

FOR THE YEARS ENDED DECEMBER 31

	<u>2000</u>	<u>1999</u>
BALANCE, Beginning of Year	\$ (26,046)	\$ (35,288)
NET INCOME (LOSS)	(36,695)	9,242
DIVIDENDS DECLARED	-	-
BALANCE, End of Year	<u>\$ (62,741)</u>	<u>\$ (26,046)</u>

Statements of Cashflow

FOR THE YEARS ENDED DECEMBER 31

	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Receipts from Customers	\$ 342,316	\$ 265,441
Cash Paid to Suppliers and Employees	(456,712)	(230,424)
Other Income Received	2,841	27,169
Interest Paid	<u>(3,291)</u>	<u>(7,245)</u>
	<u>(114,846)</u>	<u>54,941</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchasing of Capital Assets (Note 4)	(31,705)	(28,544)
Deferred Costs (Note 5)	<u>(183,862)</u>	<u>(72,463)</u>
	<u>(215,567)</u>	<u>(101,007)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Line of Credit	6,255	139
Issuance of Common Shares (Note 11)	789,905	-
Shareholder Advance (Note 9)	5,924	(1,879)
Proceeds from Long Term Debt	-	88,039
Repayment of Long Term Debt (Note 8)	<u>(58,188)</u>	<u>(40,233)</u>
	<u>743,896</u>	<u>46,066</u>
INCREASE IN CASH POSITION	413,483	-
CASH POSITION, Beginning of Year	<u>-</u>	<u>-</u>
CASH POSITION, End of Year (Note 13)	<u>\$ 413,483</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

1. DESCRIPTION OF BUSINESS

The Business was incorporated pursuant to the provisions of The Business Corporation Act (Saskatchewan) on January 27, 1992 as Clio Communications Limited and Extra-provincially registered in Alberta on August 29, 2000. By Articles of Amendment effective January 27, 2000, the Corporation changed its name to Clio Tools.Com Ltd.

The Corporation is currently engaged in the business of providing multimedia consulting services using Astound and other software. The Corporation's current innovation is to create practical, multimedia products for business called Clio Tools. These digital communication tools for business, government and community organizations consist of multimedia presentations, web conferencing, Internet solutions, digital videos and E-brochures.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles. Generally accepted accounting principles require that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. Actual amounts could differ from those estimates.

A summary of significant accounting policies is as follows:

(A) Depreciation / Amortization

Depreciation / Amortization is calculated on the declining-balance basis at the following rates:

Furniture and Fixtures	20%
Office Equipment	20%
Video Equipment	20%
Computers	30%
Computer Software	100%

Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) Amortization of Deferred Costs

The annual amortization will be calculated on the declining balance basis at 20 % per year upon completion of development and training.

(C) Capitalization of Development Costs

Management of the Corporation has deemed that the significant investment in the development of the Corporation's website as a specialized "web sales tool" is capital. This capitalization and subsequent amortization is in accordance with Section 3450 of the CICA Handbook.

(D) Deferred Training Costs

In order to implement the corporation's proposed growth strategy, it was necessary to hire additional sales personnel, lease suitable hardware for their use as well as provide them with support services during their training cycle. Management of the Corporation has estimated that this training will be finished next year, and have deferred these costs until associated revenues will commence. This capitalization and subsequent amortization is in accordance with AcG-11 Accounting Guideline and EIC-27 Revenue and Expenses During the Pre-Operating Period of CICA handbook.

3. ACCOUNTS RECEIVABLE

Accounts Receivable are comprised of:

	<u>2000</u>	<u>1999</u>
Trade Receivables	\$ 34,155	\$ 54,005
Due from Shareholders	-	6,022
Less: Allowance for Doubtful	<u>-</u>	<u>(10,866)</u>
	<u>\$ 34,155</u>	<u>\$ 49,161</u>

Notes to Financial Statements

4. CAPITAL ASSETS

	<u>1999</u>			<u>2000</u>
	Original Cost	Additions	Disposition	Original Cost
Computers	\$ 47,306	5,538	-	\$ 52,844
Computer Software	8,271	3,573	-	11,844
Office Equipment / Furniture	14,491	9,683	-	24,174
Video Equipment	<u>45,855</u>	<u>12,911</u>	<u>(10,695)</u>	<u>48,071</u>
	<u>115,923</u>	<u>31,705</u>	<u>(10,695)</u>	<u>136,933</u>
	Accum. Amort.	Current Amort.	Adjustment	Accum. Amort.
Computers	24,328	7,725	-	32,053
Computer Software	8,092	1,965	-	10,057
Office Equipment / Furniture	5,315	3,634	-	8,949
Video Equipment	<u>9,550</u>	<u>7,625</u>	<u>(4,535)</u>	<u>12,640</u>
	<u>47,285</u>	<u>20,949</u>	<u>(4,535)</u>	<u>63,699</u>
NET BOOK VALUE	\$ 68,638			\$ 73,234

5. DEFERRED COSTS

As of December 31, 2000 this Corporation is considered by Management to be in a "Development Stage" defined in AcG-11 of the CICA handbook as "When it is devoting substantially all of its efforts to establishing a new business and planned principal operations have not commenced."

Management considers it probable that these costs are recoverable from future operating profits.

Development costs which meet generally accepted criteria, including reasonable assurance regarding recoverability, are deferred and amortized from the beginning of commercial production. Annually, the company reviews the recoverability of deferred development costs through an evaluation of the expected future cash flows from commercialization of the associated products to determine if there has been an impairment in the recoverable amount.

Notes to Financial Statements

5. DEFERRED COSTS (Continued)

Summary of Deferred Costs:

	<u>2000</u>	<u>1999</u>
BALANCE , Beginning of Year	\$ 72,463	\$ -
PRODUCT DEVELOPMENT COSTS	39,546	72,463
DEFERRED TRAINING COSTS	144,316	-
AMORTIZATION (Note 2)	—	—
BALANCE , End of Year	<u>\$ 256,325</u>	<u>\$ 72,463</u>

6. DEFERRED/FUTURE INCOME TAXES

The corporation records corporate income taxes currently payable or (recoverable) and corporate income taxes deferred to future years, either payable or (recoverable) by; claiming capital cost allowance in excess of capital asset amortization and tax losses carry forward.

The future income tax recoverable is considered an asset as the income tax loss carry forward of \$ 64,950 is expected to be utilized to offset taxable income in the future.

The corporate income tax rate of the corporation utilized to calculate the future value of the net income tax deferred is 43.6 %.

7. LINE OF CREDIT

The corporation has an authorized operating loan limit of \$ 20,000 secured by a general security agreement and director guarantees, interest is paid monthly at 10.25%.

Notes to Financial Statements

8. LONG TERM DEBT

	<u>2000</u>	<u>1999</u>
(A) Prince Albert Credit Union loan #4, floating interest rate, secured by equipment and personal guarantee, payable in monthly blended payments of \$ 1,063 due July, 2001 after a 3 year term.	\$ -	\$ 18,209
(B) Prince Albert Credit Union loan #2, floating interest rate, secured by equipment, personal guarantee and real estate mortgage, payable in annual blended payments of \$ 5,000 plus interest, due September, 2003 after a 4 year term.	- -	20,000
(C) Heller Global Vendor Finance Canada, secured by a P-233MMX computer system. This is a capital lease which requires monthly payments of \$ 655.	- -	6,254
(D) Heller Global Vendor Finance Canada, secured by Panasonic DVC PRO Camcorder and accessories. This is a capital lease which requires monthly payments of \$ 603.	\$ 7,238	\$ 14,705
(E) Green Tree Fencing Supplies Ltd., unsecured loan with no interest, payable January, 2000.	- -	5,000
(F) Carrier Lumber Ltd., unsecured loan with no interest, payable upon demand, but not expected to be paid in 2001.	30,000	30,000
(G) Deferred PST is due monthly with the lease payment in the amount of \$ 75.	- -	1,258
	37,238	95,426
Less current portion of long term debt	<u>7,238</u>	<u>61,390</u>
	<u>\$ 30,000</u>	<u>\$ 34,036</u>

Notes to Financial Statements

8. LONG TERM DEBT (Continued)

Principal amounts due in each of the next two years are as follows:

2001	\$ 7,238
2002	<u>30,000</u>
	\$ <u>37,238</u>

9. SHAREHOLDER ADVANCES

Demand loan from Shareholder / Director, unsecured, without interest, and without specific repayment terms.

10. AUTHORIZED CLASSES OF SHARES

(A) Class A Common Shares:

The Corporation is authorized to issue an unlimited number of voting Class A Common Shares (The "Common Shares").

(B) Class B Preference Shares:

The Class B Preference Shares are issuable in series and rank ahead of the Class C Preference Shares and the Common Shares in respect of dividend payments and the distribution of assets on dissolution or any other distribution of assets for the purposes of winding up the Corporation's affairs. The other rights, privileges, restrictions and conditions attaching to each series of the Class B Preference Shares are to be fixed by the directors of the corporation at the time of creation of such series.

(C) Class C Preference Shares:

The Class C Preference Shares are issuable in series and rank ahead of the Common Shares in respect of dividend payments and the distribution of assets on dissolution or any other distribution of assets for the purpose of winding up the Corporation's affairs. The other rights, privileges, restrictions and conditions attaching to each series of the Class C Preference Shares are to be fixed by the directors of the Corporation at the time of creation of such series.

Notes to Financial Statements

11. SHARE CAPITAL

(A) The changes in the issued Common Shares of the corporation are as follows:

	<u>Number of Shares</u>	<u>Consideration (Net of Issue Costs)</u>
BALANCE, December 31, 1999	100	\$ 100
(i) Stock Split	7,499,900	-
(ii) Private Placement Issue	1,665,997	163,825
(iii) Redeemed for Cancellation	(500,000)	(2)
(iv) Initial Public Offering	<u>4,500,000</u>	<u>626,082</u>
BALANCE, December 31, 2000	<u>13,165,997</u>	<u>\$ 790,005</u>

- (i) The initial 100 Common Shares were split 75,000 for 1.
- (ii) Prior to the initial public offering, 1,665,997 Common Shares were issued on a private placement basis.
- (iii) Effective September 7, 2000, in furtherance of an agreement with Yorkton Securities Inc. in connection with the Corporation's initial public offering of Common Shares that the number of Common Shares held directly or indirectly by the Corporation's founders, being W. Markham Hislop, Jesse Schneider and Harvey Bay, would not exceed 7,500,000 the Corporation purchased for cancellation, for nominal consideration, 375,000 Common Shares from Mr. Hislop and 125,000 Common Shares from Mr. Schneider.
- (iv) Immediately prior to filing the final prospectus, the Corporation entered into an agency agreement with Montreal Trust Company of Canada and Yorkton Securities Inc. (the "Agent"), pursuant to which the Agent agreed to use its best efforts to secure subscriptions for 4,500,000 Common Shares for gross proceeds to the Corporation of \$ 900,000. The Agent received a commission of 10 % of the gross proceeds, a sponsorship fee of \$ 20,000 and was reimbursed for its reasonable costs of the offering, including reasonable legal costs.

Notes to Financial Statements

11. SHARE CAPITAL (Continued)

Immediately prior to filing the (final) prospectus, the Corporation entered into an escrow agreement with Montreal Trust Company of Canada and certain shareholders of the Corporation, which agreement provided for the escrow of 7,907,000 Common Shares.

(B) Stock options have been granted for common shares on the following basis:

	<u>Number of Shares</u>	<u>Exercise Price</u>
BALANCE , December 31, 1999	-	\$ -
(v) Granted	1,070,000	0.20
Exercised	—	—
BALANCE , December 31, 2000	<u>1,070,000</u>	

The Corporation agreed to grant to the Agent, upon the closing of the offering, an option to purchase up to 450,000 Common Shares at a price of \$ 0.20 per Common Share, which may be exercised on or before the date that is two years after the closing.

The directors of the Corporation resolved to grant to the Directors and Officers of the Corporation, on the closing of the offering, options to purchase 620,000 Common Shares at \$ 0.20 per Common Share within 5 years of such closing.

12. LONG TERM COMMITMENTS

The Corporation is committed to the following long term lease:

(A) Business Offices

9 – 2010 – 30th Ave. N.E., Calgary Alberta commencing November 1, 2000 for \$ 3,025 per month including occupancy costs expiring October 31, 2005.

Notes to Financial Statements

12. LONG TERM COMMITMENTS (Continued)

(B) Equipment

(i) Admiralty Leasing	- \$ 165 per month expiring May 31, 2002
	- \$ 553 per month expiring October 31, 2003
	- \$ 519 per month expiring November 30, 2003
(ii) Dell Financial Services	- \$ 159 per month expiring March 31, 2002
	- \$ 156 per month expiring December 31, 2001
	-
	- \$ 225 per month expiring July 31, 2002
(iii) National Leasing Group	- \$ 90 per month expiring April 30, 2001
	- \$ 231 per month expiring March 31, 2001
	- \$ 222 per month expiring November 31, 2001
	- \$ 393 per month expiring June 30, 2002

The existing annualized commitments over the next 5 years are:

2001	\$ 62,700
2002	52,800
2003	47,600
2004	36,300
2005	<u>36,300</u>
	\$ <u>235,700</u>

(C) Custom Software Development Agreement

The corporation is committed to a "Custom Software Development Agreement" with a maximum cost of \$ 100,000. At December 31, 2000 the pre-agreed payments for its development totaled \$ 30,000. The estimated remainder of \$ 36,000 was not accrued as a liability as it is not due until 2001. A portion of which is recoverable to the company under an agreement with IRAP.

Notes to Financial Statements

12. LONG TERM COMMITMENTS (Continued)

(A) Royalty Agreement

The corporation is committed as a licensee under a "Royalty Agreement" at 20 % of the net invoice price for all product and other commercial activity that utilizes the software.

The annualized cost in the future on the "Custom Software Development Agreement" or the " Royalty Agreement" has not been estimated / projected.

13. CASH POSITION

Cash position for the purposes of the statement of cash flows is comprised of:

	<u>2000</u>	<u>1999</u>
Bank	\$ 13,483	\$ -
Investments	<u>400,000</u>	<u>-</u>
	<u>\$ 413,483</u>	<u>\$ -</u>



cliotools.com Corporate Information

Corporate Directors

Markham Hislop

Director, Chairman of the Board,
President and Chief Executive Officer
Calgary, Alberta

Jesse Schneider

Director and Vice President, Production
Calgary, Alberta

Harvey Bay

Director, Chief Financial Officer
and Secretary
Saskatoon, Saskatchewan

Eric Brown

Director
Edmonton, Alberta

Brian Smith

Director
Saskatoon, Saskatchewan

Officers and Managers

Markham Hislop

Director, Chairman of the Board,
President and Chief Executive Officer
Calgary, Alberta

Jesse Schneider

Director and Vice President, Production
Calgary, Alberta

Harvey Bay

Director, Chief Financial Officer
and Secretary
Saskatoon, Saskatchewan

Lorne Berkner

Sales Manager
Calgary, Alberta

Eric Anderson

Marketing Manager
Prince Albert, Saskatchewan

Corporate Headquarters

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email: [clio@cliotoools.com](mailto:clio@cliotools.com)
Website: [www.cliotoools.com](http://www.cliotools.com)

Bankers

Canadian Imperial
Bank of Commerce
Calgary, Alberta

Lawyers

MacPherson, Leslie & Tyerman
Saskatoon, Saskatchewan

Auditors

McKenzie & Co.
Saskatoon, Saskatchewan

Transfer Agent

Computershare Trust Company of Canada
Calgary, Alberta

Stock Exchange Listing

The Canadian Venture Exchange
Symbol: CIO.A

Annual General Meeting

June 26, 2001 10:00am CST
GreenWood Inn "Oak Room"
3515 26th Street N.E.
Calgary, Alberta

